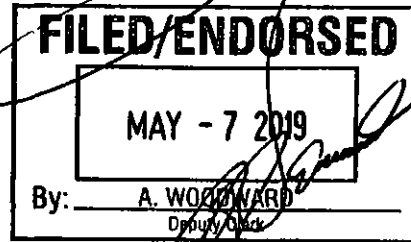


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WILLIAM BEAHM AND GREER BEAHM, as  
Trustees of THE BEAHM FAMILY LIVING TRUST



8  
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
10 **COUNTY OF SACRAMENTO**  
11 **UNLIMITED CIVIL MATTER**

12 KHM HOLDINGS LLC, a California limited  
liability company,

13 Plaintiff,

14 vs.

15 WILLIAM BEAHM AND GREER BEAHM, as  
Trustees of the THE BEAHM FAMILY LIVING  
16 TRUST, and DOES 1-25, inclusive,

17 Defendants.

18  
19 WILLIAM BEAHM AND GREER BEAHM, as  
Trustees of THE BEAHM FAMILY LIVING  
20 TRUST,

21 Cross-Complainants,

22 vs.

23 KHM HOLDINGS LLC, a California limited  
liability company; MANROOP PUREWAL;  
24 KIDDER MATHEWS OF CALIFORNIA, INC.,  
a California corporation; BEN FRAZIER; and  
25 ROES 1-25, inclusive,

26 Cross-Defendants.  
27  
28

Case No.: 34-2019-00251335

**CROSS-COMPLAINT FOR:**

- (1) BREACH OF FIDUCIARY DUTY
- (2) RESCISSION
- (3) DECLARATORY RELIEF

Complaint filed: 2/26/2019

1 Cross-Complainants, WILLIAM BEAHM AND GREER BEAHM, as Trustees of THE BEAHM  
2 FAMILY LIVING TRUST, allege as follows:

3 1. Cross-Complainant William Beahm ("William") is a Trustee of The Beahm Family  
4 Living Trust and is an individual who at all times relevant was a resident of Sacramento County,  
5 California. At all times relevant to this Cross-Complaint, William was over the age of 65 and therefore  
6 an "elder" as that word is defined in Welfare & Institutions Code Section 15610.27.

7 2. Cross-Complainant Greer Beahm ("Greer") is a Trustee of The Beahm Family Living  
8 Trust and is an individual who at all times relevant was a resident of Sacramento County, California. At  
9 all times relevant to this Cross-Complaint, Greer was over the age of 65 and therefore an "elder" as that  
10 word is defined in Welfare & Institutions Code Section 15610.27. William and Greer are married and  
11 are sometimes referred herein together as "Cross-Complainants."

12 3. The Beahm Family Living Trust ("Trust") is the owner of certain real property  
13 commonly known as 1131, 1135, 1141, 1145, 1151 Bell Street, Sacramento, Sacramento County,  
14 California 95825 ("Subject Property").

15 4. KHM Holdings LLC is a limited liability company organized in and under the laws of the  
16 State of California.

17 5. Cross-Complainants are informed and believe and thereon allege that Manroop Purewal  
18 ("Purewal") is an individual residing in the State of California and is the manager of KHM Holdings  
19 LLC.

20 6. Kidder Mathews of California, Inc. ("Kidder Mathews") is a corporation organized in and  
21 under the laws of the State of California.

22 7. Cross-Complainants are informed and believe and thereon allege that Ben Frazier  
23 ("Frazier") is an individual residing in the State of California and is an employee of Kidder Mathews.

24 8. Cross-Complainants are ignorant of the true names and capacities of ROES 1-25,  
25 inclusive and therefore sue these cross-defendants by such fictitious names. Cross-Complainants will  
26 amend this Cross-Complaint to allege their true names and capacities when ascertained. Cross-  
27 Complainants are informed and believe and thereon allege that each of the fictitiously named cross-  
28 defendants is responsible in some manner for the occurrences herein alleged, and that Cross-

1 Complainants' damages as herein alleged were proximately caused by said cross-defendants.

2 9. Cross-Complainants are informed and believe and thereon allege that at all times herein  
3 mentioned each of the cross-defendants were the agent and employee of each of the remaining cross-  
4 defendants, and in doing the things hereinafter alleged, was acting within the course and scope of such  
5 agency and employment.

#### 6 GENERAL ALLEGATIONS

7 10. Cross-Complainants incorporate by reference all allegations of paragraphs 1 through 9 as  
8 set forth in full herein.

9 11. Cross-Complainants live at and manage the Subject Property which is owned by the  
10 Trust. William is 90 years old and Greer is 76 years old.

11 12. In the past two years, Greer has had numerous medical issues requiring her to be under a  
12 doctor's care. She broke her hip in late 2017 and again in early 2018.

13 13. Shortly after being discharged from the hospital in 2018 after her second hip surgery,  
14 Greer was approached by Frazier regarding selling the Subject Property. Frazier introduced her to  
15 Purewal as a prospective buyer.

16 14. Greer expressed concern regarding selling the Subject Property and wanted to seek  
17 advice from her accountant regarding tax implications prior to entering into any agreement. In response,  
18 Frazier threatened to "burn the building down if she used any different broker." Greer became scared of  
19 Frazier and did not want any further interaction with him.

20 15. In an effort to close the deal, Purewal agreed to work directly with Greer and drafted a  
21 simple purchase contract for her and William to sign on behalf of the Trust. On or about October 25,  
22 2018, the parties signed the Purchase and Sale Agreement ("Agreement") drafted by Purewal, with an  
23 Amendment added on November 28, 2018. Purewal signed on behalf of Purewal Properties LLC as its  
24 managing member and later assigned its interest in the Agreement to KHM Holdings LLC. Attached as  
25 **Exhibit A** is a true and correct copy of the Agreement.

26 16. At the time Greer signed the Agreement, she was on several different medications and  
27 was referred to a neurologist due to her doctor's suspicion of early dementia. Frazier's threat of burning  
28 the Subject Property was still fresh and Greer was concerned that since Frazier was representing

1 Purewal that there would be retaliation of some sort against her and/or the Subject Property if she did  
2 not sign Purewal's Agreement.

3 17. Shortly after the Agreement was signed, Cross-Complainants learned that Purewal is a  
4 real estate attorney and broker, a fact he never revealed to them. They became increasingly concerned  
5 when they realized Purewal drafted the Agreement to avoid having to pay any earnest money deposit for  
6 such a large transaction. The purchase price was \$5.5 million dollars.

7 18. Pursuant to the Amendment added to the Agreement, the buyer's inspection contingency  
8 was to be removed by December 7, 2018, and pursuant to the Agreement, closing was to take place  
9 thirty days after removal of the inspection contingency. Therefore, escrow should have closed on  
10 January 7, 2019.

11 19. Escrow did not close on January 7, 2019 and there was no indication that Purewal  
12 intended to remove the inspection contingency anytime soon. By this time, Cross-Complainants no  
13 longer trusted Purewal. In fact, instead of closing escrow pursuant to the Agreement, Purewal began  
14 harassing Cross-Complainants to lower the price even more.

15 20. On or about January 18, 2019, Cross-Complainants' delivered a Cancellation of Contract  
16 to Purewal and Frazier.

17 **FIRST CAUSE OF ACTION**

18 **(BREACH OF FIDUCIARY DUTY)**

19 **(Against Kidder Mathews and Frazier)**

20 21. Cross-Complainants incorporate by reference all allegations of paragraphs 1 through 20  
21 as set forth in full herein.

22 22. Pursuant to Civil Code sections 2079.14-2079.17, specific agency disclosures must be  
23 provided to the seller in real estate transactions involving a dual agent.

24 23. Kidder Mathews and Frazier acted as a dual agent representing Purewal Properties LLC  
25 and Cross-Complainants as identified in the Agreement. Pursuant to the Agreement, "Kidder Mathews  
26 c/o Ben Frazier represents both parties and the Seller will pay him a commission equal to five percent  
27 (5%) of the Purchase Price at Closing."

28 24. Frazier did not provide the required agency disclosures at any time to Cross-

1 Complainants and Cross-Complainants were unaware of and unwilling to have Frazier's representation  
2 in this transaction. In fact, Greer was adamant about not working with Frazier so that Purewal never met  
3 with Cross-Complainants with Frazier present.

4 25. Kidder Mathews and Frazier breached its fiduciary duty to Cross-Complainants by failing  
5 to disclose dual representation to Cross-Complainants as required by Civil Code sections 2079.14-  
6 2079.17.

7 26. As a result of Kidder Mathews and Frazier's breach, Cross-Complainants have been  
8 harmed and are entitled to rescind the Agreement and are relieved from paying any commission to these  
9 defendants.

10 WHEREFORE, Cross-Complainants pray for judgment against Cross-Defendants, and each of  
11 them, as set forth below.

12 **SECOND CAUSE OF ACTION**

13 **(RESCISSION)**

14 **(Against All Cross-Defendants)**

15 27. Cross-Complainants incorporate by reference all allegations of paragraphs 1 through 26  
16 as set forth in full herein.

17 28. Pursuant to Civil Code section 1689 (b) "A party to a contract may rescind the contract in  
18 the following cases: (1) If the consent of the party rescinding. . .was given by mistake, or obtained  
19 through duress, menace, fraud, or undue influence, exercised by or with the connivance of the party as to  
20 whom he rescinds. . ."

21 29. As described above, Greer underwent two hip surgeries with the most recent one being  
22 just shortly before Frazier and Purewal approached her about selling the Subject Property. When Greer  
23 hesitated about going forward with any sort of transaction, Frazier threatened to burn down the Subject  
24 Property. Scared that something bad would happen to them or the Subject Property, Cross-  
25 Complainants signed an agreement drafted by Purewal. Pursuant to the agreement he drafted, Purewal  
26 did not deposit any earnest money and he extended his deadline to remove his inspection contingency.

27 30. Also, as stated above, Cross-Complainants were not provided the required agency  
28 disclosures from Frazier and did not understand or want his representation in this transaction.

31. Even after extending the deadline to remove his inspection contingency, Purewal failed to comply with the deadline and escrow failed to close pursuant to the Agreement.

32. As a result of Cross-Defendants' actions described above, Cross-Complainants have been harmed and are entitled to rescind the Agreement.

WHEREFORE, Cross-Complainants pray for judgment against Cross-Defendants, and each of them, as set forth below.

**THIRD CAUSE OF ACTION  
(DECLARATORY RELIEF)  
(Against All Cross-Defendants)**

33. Cross-Complainants incorporate by reference all allegations of paragraphs 1 through 32 as set forth in full herein.

34. An actual controversy has arisen and now exists between the parties concerning their respective rights and duties in the Agreement.

35. Cross-Complainants desire a judicial determination of the parties' rights and duties, and a declaration as to the validity of the actions taken by the parties.

36. A judicial declaration is necessary and appropriate at this time under the circumstances in order that each party may ascertain its rights. Cross-Complainants will continue to suffer the above-described harm unless and until that declaration is made.

37. Cross-Complainants have no adequate remedy at law in that it is the Cross-Defendants' actions that need to be stopped.

WHEREFORE, Cross-Complainants pray for judgment against Cross-Defendants, and each of them, as set forth below.

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1 **PRAYER FOR RELIEF**

2 **FIRST CAUSE OF ACTION**

3 **(Breach of Fiduciary Duty)**

- 4 1. For an Order rescinding the Purchase and Sale Agreement and denying any payment of  
5 commissions to Kidder Mathews and/or Ben Frazier;  
6 2. For special damages in an amount according to proof;  
7 3. For general damages in an amount according to proof;  
8 4. For prejudgment interest thereon at the legal rate;  
9 5. For reasonable attorney fees according to proof;  
10 6. For costs of this action in an amount according to proof;  
11 7. For such other and further relief as the Court may deem proper.

12 **SECOND CAUSE OF ACTION**

13 **(Rescission)**

- 14 1. For an Order rescinding the Purchase and Sale Agreement and denying any payment of  
15 commissions to Kidder Mathews and/or Ben Frazier;  
16 2. For special damages in an amount according to proof;  
17 3. For general damages in an amount according to proof;  
18 4. For prejudgment interest thereon at the legal rate;  
19 5. For reasonable attorney fees according to proof;  
20 6. For costs of this action in an amount according to proof;  
21 7. For such other and further relief as the Court may deem proper.

22 **THIRD CAUSE OF ACTION**

23 **(Declaratory Relief)**

- 24 1. For a declaration that Cross-Complainants are not bound by the Purchase and Sale Agreement  
25 or liable for any commissions payable to Kidder Mathews and/or Ben Frazier;  
26 2. For special damages in an amount according to proof;  
27 3. For general damages in an amount according to proof;  
28 4. For prejudgment interest thereon at the legal rate;

5. For reasonable attorney fees according to proof;
6. For costs of this action in an amount according to proof;
7. For such other and further relief as the Court may deem proper.

BPE LAW GROUP, P.C.

Dated: 5/6/19

P. Elizabeth Helms  
Robert J. Enos  
P. Elizabeth Helms  
Attorneys for WILLIAM BEAHM AND GREER  
BEAHM, as Trustees of THE BEAHM FAMILY  
LIVING TRUST



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On this date, May 10, 2019 I served a copy of the following document(s):

on the parties in said action, by regular mail to the parties set forth below:

**Attorneys for KHM Holdings LLC**

By: Sarah Martinez

# **EXHIBIT A**

## PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into as of October 25, 2018 by and between PUREWAL PROPERTIES LLC, a California limited liability company ("Buyer"), and William Beahm and Greer Beahm, as Trustee of THE BEAHM FAMILY LIVING TRUST ("Seller"), with respect to the following facts.

A. Seller is the owner of that certain real property consisting of fifty-four (54) apartment units and commonly known as 1131, 1135, 1141, 1145, 1151 Bell Street, Sacramento, California 95825 and referenced as Bell Oaks Apartments, APNs: 285-0201-002, 285-0201-003 (the "Property").

B. Buyer desires to buy from Seller and Seller desires to sell to Buyer. Seller's interest in the Property upon the following terms and conditions.

NOW, THEREFORE, the parties agree as follows:

1. Purchase Price.

a. Seller shall sell, and Buyer shall buy, Seller's fee simple interest in the Property for a purchase price of Five Million and Five Hundred Thousand and 00/100 Dollars (\$5,500,000.00) (the "Purchase Price"), payable by Buyer on or before Closing (as defined herein).

2. Conveyance; Evidence of Title.

a. At Closing, Seller shall convey to Buyer by grant deed fee title to the Property, subject only to the exceptions listed in Preliminary Title Report generated by the Title Company (as defined herein).

b. Evidence of title to the Property shall be in the form of a California Land Title Association Owner's Policy of title insurance ("Owner's Title Policy"), insuring title in Buyer in the amount of the Purchase Price.

3. Buyer's Inspection Contingency. The parties acknowledge and agree that (i) Buyer will have sixty (60) days from the Effective Date to inspect the Property and conduct all of its investigations and inspections and the Buyer's performance under this contract is contingent on the Buyer being satisfied with the condition of the Property, and (ii) the Buyer can only remove this contingency by giving written notice to the Seller.

4. Escrow. Upon mutual execution of this Agreement, escrow will be opened with First American Title Insurance Company, 3001 I St., Sacramento, California, Attention Lesley Kaufman (the "Title Company"). Each party shall timely deposit such documents, monies, and written escrow instructions with Title Company as may be necessary for the conveyance of the Property in accordance with the terms of this Agreement.

5. Closing. Escrow shall close on or before thirty (30) days after the removal of the Buyer's Inspection Contingency (the "Closing").

6. Closing Costs and Prorations. The closing costs shall be paid as follows:

Escrow Fees:	Split Equally – Buyer and Seller
Owner's Title Policy:	Seller
County Transfer Tax:	Seller
City Transfer Tax:	Seller

Rents, security deposits, real property taxes and assessments shall be prorated as of the Closing based upon the latest available tax and assessment information.

7. Assignment. Buyer may assign its interest in this contract to any party without the consent of the Seller.

8. Broker's Commissions. The parties acknowledge that Kidder Mathews c/o Ben Frazier represents both parties and the Seller will pay him a commission equal to five percent (5%) of the Purchase Price at Closing. The parties each covenant to the other that they have not entered into any agreement or incurred any obligation which might result in the obligation of the other party to pay any other sales or brokerage commission or finder's fee on this transaction to any party or company except as expressly stated herein.

9. Distribution of Sale Proceeds to Seller. The parties acknowledge and agree that the net sale proceeds at Closing shall be distributed to the Seller as follows: (1) sixty-five percent (65%) to Greer Beahn; and (2) thirty-five percent (35%) to William Beahn.

10. Standard Provisions.

a. This Agreement shall inure to the benefit of and be binding upon the parties' heirs, successors and assigns.

b. This Agreement supersedes any prior agreements and contains the entire agreement of the parties. No other agreement, statement or promise made by any party or agent of any party that is not in writing and signed by all the parties to this Agreement shall be binding. Any amendments to this Agreement shall be in writing and signed by all the parties.

c. This Agreement may be executed by facsimile and in counterparts, each of which shall be deemed to be an original, but such counterparts when taken together shall constitute one Agreement.

d. If any party institutes an action to enforce its rights under this Agreement, the losing party shall pay to the prevailing party the attorneys' fees and costs incurred by the prevailing party in such action.

e. If there is any damage or destruction to the Property prior to the Closing, then the Buyer shall have at its option to either move forward with the transaction in which case it will be entitled to the full insurance proceeds of such damage or destruction; or the Buyer may terminate the transaction and be entitled to a full refund of any money in escrow.

f. Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under any existing leases.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first date set forth above.

**SELLER**

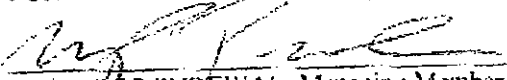
BEAHM FAMILY LIVING TRUST

  
WILLIAM BEAHM, Trustee

  
GREER BEAHM, Trustee

**BUYER:**

PUREWAL PROPERTIES LLC, a California limited liability company

  
MANROOP PUREWAL, Managing Member

This is an amendment to the Purchase & Sale Agreement regarding Bell Oaks Apartments between Beahm Family Trust ("Seller") and Pureway Properties LLC ("Buyer").

1. The inspection contingency is extended to Friday, December 7<sup>th</sup>, 2018.

2. No other changes to the Purchase Agreement.

Buyer:

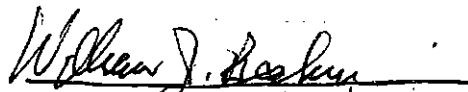
Pureway Properties LLC




11/28/18

Seller:

Beahm Family Trust

  
William Beahm,  
Trustee

  
Greg A. Beahm,  
Trustee